

## Message Text

LIMITED OFFICIAL USE

PAGE 01 THE HA 02372 111025Z

43

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EA-11 FRB-02 INR-10 IO-14 NEA-14 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 L-03 H-03 XMB-07 STR-08 DRC-01 /160 W

----- 120248

R 110930Z MAY 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 3554

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

OECD PARIS

USUN NEW YORK 870

LIMITED OFFICIAL USE THE HAGUE 2372

E.O. 11652: N/A

TAGS: EFIN, NL

SUBJECT: DIRECT INVESTMENT ISSUES IN THE OECD

REF: STATE 89852

SUMMARY: EMBASSY OFFICERS DISCUSSED DIRECT INVESTMENT ISSUES WITH  
RINGNALDA AND HIJZEN OF MFA (EUROPEAN COOPERATION) ON MAY 10 ON BASIS  
OF EMBASSY LETTER TO DIR GEN VAN SCHAIK INCORPORATING POINTS MADE IN  
REFTEL. GENERAL COMMENT OF MFA OFFICIALS WAS THAT SUTDY OF INVESTMENT  
ISSUES BY OECD EXPERTS WAS GOING SLOWLY BUT SATISFACTORILY  
AND THAT PROBLEMS OF RELATING INVESTMENT POLICIES OF OECD  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 THE HA 02372 111025Z

COUNTRIES ARGUED STRONGLY AGAINST TAKING UP THESE ISSUES IN OECD

MINISTERIAL ON MAY 29 AND 30. ON SOME ISSUES, SUCH AS NATIONAL TREATMENT OF INVESTMENTS AND HIGH LEVEL CONSULTATIONS, GON SUPPORTS US VIEWS IN PRINCIPLE BUT FEELS IT NECESSARY TO AVOID GETTING OUT AHEAD OF EUROPEAN GROUP ON SUCH MATTERS STILL UNDER STUDY. REGARDING INVESTMENT ISSUES INVOLVING LDCS, DUTCH FEEL THAT UN AND LDCS THEMSELVES MUST BE PRIMARY FOCUS OF DECISION. END SUMMARY.

1. CONCERNING VARIOUS ASPECTS OF DIRECT INVESTMENT REFORM UNDER STUDY BY OECD EXPERTS, DUTCH TAKE POSITION STUDIES ARE GOING AS WELL AS CAN BE EXPECTED. THERE ARE PERSISTENT DISAGREEMENTS ON VARIOUS QUESTIONS AMONG GOVERNMENTS AND TIME IS NECESSARY FOR GROUP OF EXPERTS

TO WORK OUT SOLUTIONS. FOR USG TO INITIATE MOVEMENT NOW AT MINISTERIAL

LEVEL WOULD BE PREMATURE, COUNTER-PRODUCTIVE AND "POLITICALLY UNWISE" IN DUTCH VIEW. IT MIGHT BE ACCEPTABLE FOR USDEL TO OFFER UNILATERAL VIEWS, PROVIDED IT DID NOT STIMULATE UNPREPARED DISCUSSION WHICH WOULD HANDICAP PROGRESS OF STUDY BY EXPERTS. DUTCH OFFICIALS RECOMMENDED THAT THESE MATTERS IN GENERAL BE RESERVED FOR NEXT XCSS MEETING.

2. RINGNALDA STATED THAT GON ALSO APPRECIATES AND SUPPORTS OECD STUDY OF GOVERNMENT POLICIES TOWARD DIRECT INVESTMENT. GON FAVORS NATIONAL TREATMENT OF INVESTORS IN PRINCIPLE. HOWEVER, GON MUST RESERVE POSITION ON APPLICATION OF THIS PRINCIPLE IN NETHERLANDS BECAUSE OF ITS CONTROVERSIAL AND UNDECIDED NATURE AMONG OECD COUNTRIES. STUDY OF THIS SUBJECT IS EXAMPLE OF SLOW BUT REASONABLE PROGRESS UNDER

OECD, WITH WHICH GON IS SATISFIED UNDER PRESENT CIRCUMSTANCES. OFFICIALS ADVISED AGAINST DISCUSSION THIS MATTER IN MINISTERIAL, FEELING THAT IT WOULD PROVOKE DAMAGING OPPOSITION. THEY RECOGNIZED GAP BETWEEN APPLICATION OF NATIONAL TREATMENT PRINCIPLE TO ALREADY ESTABLISHED INVESTORS AND APPLICATION TO ALL INVESTORS. THEY SAID GON READY ON ITS PART TO DISCUSS BROADER "RIGHT OF ESTABLISHMENT" AT SOME APPROPRIATE FUTURE TIME. THEY ALSO NOTED THAT "CODE OF CONDUCT OF MULTI-NATIONAL ENTERPRISES" MAY CONTRIBUTE TO SOLUTION OF NATIONAL TREATMENT OF PROBLEM.

3. REGARDING HIGH LEVEL CONSULTATIONS ON INTERNATIONAL INVESTMENT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 THE HA 02372 111025Z

REFORM, DUTCH AGAIN SUPPORT THIS IN PRINCIPLE BUT WARN AGAINST TAKING INITIATIVE AWAY FROM OECD EXPERTS GROUP. THEY HOPE EXPERTS WILL BE ABLE TO REPORT ON DEFINITIONS AND PROCEDURES TO NEXT XCSS MEETING BUT CONSIDER IT PREMATURE FOR MINISTERIAL.

4. RINGNALDA EXPRESSED SATISFACTION WITH WORK BEING ACCOMPLISHED ON MULTI-NATIONAL ENTERPRISES. HE FELT, HOWEVER, THAT THIS WORK

SHOULD BE COMBINED WITH WHAT IS BEING DONE IN UN AND OTHER BODIES.

5. PRINCIPAL NEGATIVE REACTION OCCURRED ON SUBJECT OF INVESTMENT ISSUES WITH LDCS. DUTCH OFFICIALS CLEARLY ADVISED AGAINST MOVING INTO LDC FIELD NOW. THEY FELT THAT ENOUGH ISSUES EXIST AMONG DEVELOPED COUNTRIES TO OCCUPY OECD EXPERTS FULLY FOR TIME BEING AND OECD SHOULD LIMIT ITSELF TO THESE PROBLEMS. IN ADDITION, GON PREFERS TO DELEGATE THIS QUESTION TO UN BODIES, WHICH ARE ALREADY OCCUPIED WITH CERTAIN ASPECTS THEREOF. TO USE OECD AS CHANNEL FOR SOLUTION WOULD SUGGEST SOLUTION BY "RICH MAN'S CLUB TRYING TO IMPOSE ITS VALUES

ON LDCS" AND THUS BE COUNTERPRODUCTIVE. SPECIFIC REACTIONS TO QUESTIONS RAISED IN REFTTEL (PARA 10F) FOLLOW:

A) UN IS THE APPROPRIATE BODY TO TRY TO ARRIVE AT CONCLUSIONS CONCERNING SECURITY OF FOREIGN INVESTMENT THROUGH CONTINUOUS DIALOGUE BETWEEN DEVELOPING AND DEVELOPED COUNTRIES.

B) LDCS THEMSELVES HAVE TO ANSWER QUESTION HOW TO INSURE FULLEST POSSIBLE CONTRIBUTION TO ECONOMIC DEVELOPMENT FROM INTERNATIONAL INVESTMENT.

C) EVEN WITHIN OECE "LIBERAL FOREIGN INVESTMENT POLICIES" ARE NOT ACHIEVED. LDCS MUST DECIDE ON POLITICES WHICH WILL BEST SERVE THEIR INTERESTS.

D) DUTCH FULLY SUPPORT INTERNATIONAL ARBITRATION, CONCILIATION AND FACT-FINDING AS INSTRUMENTS TO PREVENT AND TO RESOLVE INVESTMENT DISPUTES. THEY BELIEVE, HOWEVER, THAT ACCEPTANCE OF THESE MEANS SHOULD BE SOUGHT IN INTERNATIONAL BODIES, E.G. WORLD BANK.

E) DUTCH SEE CLOSE RELATIONSHIP BETWEEN OECD WORK ON INVESTMENT MATTERS AND SIMILAR WORK IN OTHER INTERNATIONAL FORUMS, AND EMPHASIZE IMPORTANCE OF UN IN INVESTMENT RELATIONS WITH LDCS.

6. OFFICIALS APPRECIATED RELATIONSHIP OF THESE ISSUES WITH POSSIBLE RESTRICTIVE ACTION BY US CONGRESS AND REITERATED COMMENTS IN PARA 1 ABOVE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 THE HA 02372 111025Z

RE UNILATERAL US STATEMENT.

7. IN CONCLUSION, DUTCH OFFICIALS HELD THAT PROGRESS IN OECD WOULD NOT BE SERVED BY NEW DIRECTIVES GIVEN BY THE UPCOMING MINISTERIAL. THEY PREFERRED CONTINUED DISCUSSION IN XCSS, AD HOC EXPERT GROUP, AND OTHER OECD COMMITTEES AS PLANNED. OPPORTUNE TIME FOR FURTHER INPUT BY HIGH LEVEL OFFICIALS FROM CAPITALS WOULD BE AT THE TIME WHEN SYG OF OECD WILL REPORT ON WORK DONE IN INVESTMENT AREA, PROBABLY IN SEPTEMBER.

8. COMMENT: RINGNALDA NOTED THAT IN SHORT TIME AVAILABLE THEY HAD NOT BEEN ABLE TO GET VIEWS OF ALL INTERESTED ELEMENTS OF GON. HOWEVER, THEY DOUBTED THAT THERE WOULD BE ANY MAJOR CHANGES IN VIEWS.

GOULD

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LESS DEVELOPED COUNTRIES, ECONOMIC DEVELOPMENT, FOREIGN POLICY POSITION, FOREIGN INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974THEHA02372  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740116-0208  
**From:** THE HAGUE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740554/aaaabwmc.tel  
**Line Count:** 169  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 89852  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 APR 2002 by boyleja>; APPROVED <12 JUN 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** DIRECT INVESTMENT ISSUES IN THE OECD  
**TAGS:** EFIN, NL, OECD  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005